

Message Text

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TO AMEMBASSY BUDAPEST
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SUBJECT: WESTERN POSITION VIS-A-VIS HUNGARY AT CSCE, BASKET II

REF: A) BUDAPEST 1502; B) NATO 2139; C) BUDAPEST 1565

1. EMBASSY AND GOH VIEWS ON BASKET II AND PREPARATION FOR
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BELGRADE SENT REF A ARE APPRECIATED.

2. THE PAPER TRANSMITTED NATO 2139 WAS DRAFT PREPARED BY
INTERNATIONAL STAFF OF NATO ECONOMIC DIRECTORATE. SUCH
PAPERS ARE ROUTINELY SENT TO CAPITALS FOR COMMENT AND FINAL
VERSION IS BASED ON CONSENSUS. IN THIS CASE, WE MADE EXTENSIVE
REVISIONS (INCLUDING ONE TO DEAL WITH THE POORLY-

FORMULATED COMPLAINT AGAINST HUNGARY OF "FAILURE TO PUBLISH IN UN LANGUAGE.") WHILE IT WAS NOT APPARENT TO INFO ADDRESSEES FROM FORMAT OF TELEGRAM, THE LISTS OF DEFICIENCIES WERE COMPILED BY THE NATO INTERNATIONAL STAFF, NOT BY USG, AND WERE NOT A PART OF U.S.-PROPOSED INITIATIVES TO STRENGTHEN IMPLEMENTATION.

3. NYERGES' APRIL 27 AND 30 VIEWS ON AVAILABILITY OF ECONOMIC AND COMMERCIAL INFORMATION AND ACCESS TO END-USERS (PARAS 6 AND 7 REFTEL) ARE INTERESTING, IF PREDICTABLE.

HE IS PRESUMABLY REFERRING IN BOTH ARTICLES TO PRESENTATION BY U.S. REPRESENTATIVE, PROF. GEZA PETER LAUTER OF G.W. UNIVERSITY, AT ECE MARKETING SEMINAR IN MARCH. JUDGING BY HEAT OF NYERGES' REACTION LAUTER'S HONESTY REGARDING THE RELATIONSHIP BETWEEN OFFICIAL SECRECY AND MARKETING HIT HOME. (LAUTER HAD REPORTED HIS PRESENTATION IN GENEVA PROVOKED IMPASSIONED INTERVENTION BY THE EAST, AND PRODUCED QUIET DELIGHT IN WESTERN DELEGATIONS.) THE THEME OF LAUTER'S PAPER IS THAT WESTERN MARKETING HAS GONE FROM MERELY SELLING THE PRODUCT TO PRESENTING A COMPLETE COST/BENEFIT PACKAGE, OFTEN IN HIGHLY TECHNICAL TERMS. TO FIT SOPHISTICATED WESTERN TECHNOLOGY TO EASTERN NEEDS, WESTERN BUSINESS SHOULD HAVE, AMONG OTHER ITEMS, INFORMATION ON QUOTE OPERATIONAL DIFFICULTIES, SPECIAL NEEDS OF SOCIALIST ENTERPRISES AND THE BUYING EXPECTATIONS-BEHAVIOR OF END-USERS. ...IN MOST PLANNED ECONOMIES, THE COLLECTION OF SUCH SPECIFIC INFORMATION IS EXTREMELY DIFFICULT. WESTERN TECHNICAL REPRESENTATIVES VERY OFTEN LIMITED OFFICIAL USE

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DO NOT GET BEYOND THE FOREIGN TRADE ORGANIZATION OFFICIALS WHO DO THE BUYING. MOST SOCIALIST FOREIGN TRADE OFFICIALS ARE ABLE INDIVIDUALS; HOWEVER, THEIR TECHNICAL KNOWLEDGE AND THEIR UNDERSTANDING OF THE END-USERS' SPECIAL OPERATIONAL PROBLEMS AND NEEDS IS USUALLY LIMITED. UNQUOTE EVEN WHEN AN FTO OFFICIAL HAS THE INFORMATION, HE MAY BE QUITE RELUCTANT TO DIVULGE IT DUE TO LEGAL AND INSTITUTIONAL INHIBITIONS. QUOTE THE COLLECTION OF DETAILED, SPECIFIC TECHNICAL AND ORGANIZATIONAL INFORMATION BY WESTERN REPRESENTATIVES CAN CONFLICT WITH OFFICIAL SECRECY. HOWEVER, THE QUESTION OF WHAT CONSTITUTES LEGITIMATE MARKET RESEARCH AND WHAT IS CONSIDERED OFFICIALLY SECRET INFORMATION IN THE SOCIALIST ECONOMIES MUST BE RAISED, BECAUSE PROLONGED UNCERTAINTY ABOUT THIS COMPLEX AND SENSITIVE PROBLEM IS LIKELY TO INTERFERE WITH THE CONTINUED GROWTH OF EAST-WEST TRADE. UNQUOTE (WE ARE POUCHING COPIES OF PAPER TO ADDRESSEES.)

4. YOU SHOULD SUGGEST TO NYERGES THAT HE MISINTERPRETED

LAUTER'S PRESENTATION: LAUTER MADE NO "DEMANDS", BUT RATHER POINTED OUT SOME SERIOUS DIFFICULTIES IN MARKETING IN EASTERN EUROPE. WHILE WE ARE UNABLE TO CONFIRM THE POINT WITH LAUTER AS HE IS OUT OF TOWN, WE ARE CONFIDENT-- BASED ON DISCUSSIONS FOLLOWING HIS RETURN FROM THE SEMINAR -- HE DID NOT SUGGEST THAT BUSINESSMEN "AVOID OR EVADE" FTO'S OR ANY LAWS AND REGULATIONS. LAUTER'S OPINIONS REFLECT CONSIDERABLE PRACTICAL COMMERCIAL EXPERIENCE, AND CAN PROBABLY BE TAKEN AS REPRESENTATIVE OF THE CONCERNS OF A BROAD RANGE OF WESTERN BUSINESSMEN. IF, AFTER REVIEWING PAPER, EMBASSY FEELS HIS VIEWS ARE INAPPLICABLE

IN HUNGARY, DEPARTMENT WELCOMES FURTHER COMMENT.

5. PLEASE POUCH COPIES OF NYERGES' ARTICLES (IN HUNGARIAN) TO EB/ITP/EWT FOR TRANSMISSION TO PROFESSOR LAUTER.

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6. FOR USNATO: IN VIEW OF ABOVE WOULD PREFER YOU NOT SHARE REF A WITH ECONADS. VANCE

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